

CADY SPRINGS PROJECT

CADY SPRINGS WATER PIPELINE REPLACEMENT PROJECT

Response Requested: No

Findings: The original Cady Springs Pipeline Replacement Project plans called for the discontinued use of the gravity pipeline located on the side of Susan River canyon to the Harris Drive water storage tank. The justification given was the bad condition of the gravity pipeline. The name of the project "Replacement Project" was used to further describe the plans. All of the water produced by Cady Springs would be pumped up the canyon wall to a new one million gallon storage tank, which would be located above the springs and then piped into the existing water system.

The original plans have been changed and how and when the change was made is unclear to the Grand Jury. The new plans were presented to the City Council for approval on March 17, 2004.

New plans for the Cady Spring project are changed in that the gravity pipeline will continue to be used to carry the majority of Cady Springs water to the Harris Drive storage tank. Water will be pumped up to the new tank as needed to keep the tank filled. This change seems to be more efficient and less expensive because the majority of the water will flow by gravity instead of being pumped. The new plans will also eliminate the use of the turbine electric generator because under the new plan the use of the turbine would not have been cost effective.

The Cady Springs Water Pipeline Replacement project is also very different than the Natural Gas project and City Hall Remodeling project in that detailed financial and project progress reports are presented to the Council on a regular basis, unlike the other two projects.

Financing for the Cady Springs project is as follows:

USDA (United States Department of Agriculture) and CEC (California Energy Commission)

USDA Grant	\$	755,500
USDA Grant	\$	972,440
CEC Grant	\$	18,000
CEC Loan	\$	150,000
Bond Proceeds (2001 Water Bond)	\$	416,328
Total	\$	2,312,268

The CEC Grant and loan will not be used.

The Grand Jury has no documentation covering any study made to indicate what increase, if any, might be needed in the water rates to repay this debt.

The Cady Springs project appears to be, at this time (06/20/2004) to be on time and within the adopted budget.

Recommendation: None